

State of Nevada

Department of Business & Industry

Real Estate Division

Common-Interest Communities and Condominium Hotels Program





FAST Reference

Regarding

NRS116 Article 3

BIDS

Powers of the Unit Owners Association
and the Executive Board



MANAGEMENT OF COMMON-INTEREST COMMUNITIES

Disclaimer

- ▶ This presentation provides a shorten version of the statutes within NRS116.
- ▶ For the full statute refer to the listed statute number provided in the slide

Index Article 3 “Solicitation of Bids”

NRS 116.31086 Solicitation of bids (slide 6)

NRS 116.31086 Association project (slide 7)

Extra reference:

NRS 116A.630 Standards of practice for community managers–bids (slide 8)

NAC 116.405 Executive board: bids (slide 9)

NRS 624.700 Engaging in business or submitting bid without license unlawful; prosecution; damages; bid submitted in violation of section void. (slide 10)

NRS 116.31086 Solicitation of bids for association project;

If an association solicits bids for an association project, the bids must be opened during a meeting of the executive board.

NRS 116.31086 Association project

“Association project” includes, without limitation, a project that involves the maintenance, repair, replacement or restoration of any part of the common elements or which involves the provision of services to the association.

NRS 116A.630 Standards of practice for community managers.

Obtain, when practicable, at least three qualified bids for any capital improvement project for the client.

NAC 116.405 Executive board: bids

- ▶ Obtain, when practicable, at least three bids from reputable service providers who possess the proper licensing before purchasing any such service for use by the association;
- ▶ (e) Consult with appropriate professionals as necessary before making any major decision affecting the association or the common elements;

NRS 624.700 Engaging in business or submitting bid without license unlawful; prosecution; damages; bid submitted in violation of section void.

1. It is unlawful for any person or combination of persons to:

(a) Engage in the business or act in the capacity of a contractor within this State; or

(b) Submit a bid on a job situated within this State, without having an active license therefor as provided in this chapter, unless that person or combination of persons is exempted from licensure pursuant to [NRS 624.031](#).

QUESTIONS?

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REFERENCE SLIDE

NAC 116.405 Executive board: Determination by Commission of whether members have performed their duties. ([NRS 116.3103](#), [116.615](#)) In determining whether a member of the executive board has performed his or her duties pursuant to [NRS 116.3103](#), the Commission may consider whether the member of the executive board has:

1. Acted outside the scope of the authority granted in the governing documents;
2. Acted for reasons of self-interest, gain, prejudice or revenge;
3. Committed an act or omission which amounts to incompetence, negligence or gross negligence;
4. Except as otherwise required by law or court order, disclosed confidential information relating to a unit's owner, a member of the executive board or an officer, employee or authorized agent of the association unless the disclosure is consented to by the person to whom the information relates;
5. Impeded or otherwise interfered with an investigation of the Division by:
 - (a) Failing to comply with a request by the Division to provide information or documents;
 - (b) Supplying false or misleading information to an investigator, auditor or any other officer or agent of the Division; or
 - (c) Concealing any facts or documents relating to the business of the association;
6. Kept informed of laws, regulations and developments relating to common-interest communities;
7. Cooperated with the Division in resolving complaints filed with the Division; and

NAC 116.405 Executive board: Determination by Commission of whether members have performed their duties. ([NRS 116.3103](#), [116.615](#)) In determining whether a member of the executive board has performed his or her duties pursuant to [NRS 116.3103](#), the Commission may consider whether the member of the executive board has:

7. Cooperated with the Division in resolving complaints filed with the Division; and
8. Caused the association to:
 - (a) Comply with all applicable federal, state and local laws and regulations and the governing documents of the association;
 - (b) Uniformly enforce the governing documents of the association;
 - (c) Hold meetings of the executive board with such frequency as to properly and efficiently address the affairs of the association;
 - (d) Obtain, when practicable, at least three bids from reputable service providers who possess the proper licensing before purchasing any such service for use by the association;
 - (e) Consult with appropriate professionals as necessary before making any major decision affecting the association or the common elements;
 - (f) Deposit all funds of the association for investment in government securities that are backed by the full faith and credit of the United States or in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, the Securities Investor Protection Corporation or a private insurer approved pursuant to [NRS 678.755](#);
 - (g) Maintain current, accurate and properly documented financial records;
 - (h) Establish policies and procedures for the disclosure of potential conflicts of interest and the appropriate manner by which to resolve such conflicts;
 - (i) Establish policies and procedures that are designed to provide reasonable assurances in the reliability of financial reporting, including, without limitation, proper maintenance of accounting records, documentation of the authorization for receipts and disbursements, verification of the integrity of the data used in making business decisions, facilitation of fraud detection and prevention, and compliance with the applicable laws and regulations governing financial records;
 - (j) Prepare interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of the association is fairly presented in accordance with the provisions of [NAC 116.451](#) to [116.461](#), inclusive;
 - (k) Make the financial records of the association available for inspection by the Division in accordance with the applicable laws and regulations of this State;
 - (l) Cooperate with the Division in resolving complaints filed with the Division; and
 - (m) Adopt and fairly enforce the collection policies of the association.

NRS 116A.630 Standards of practice for community managers. In addition to any additional standards of practice for community managers adopted by the Commission by regulation pursuant to [NRS 116A.400](#), a community manager shall:

1. Except as otherwise provided by specific statute, at all times:
 - (a) Act as a fiduciary in any client relationship; and
 - (b) Exercise ordinary and reasonable care in the performance of duties.
2. Comply with all applicable:
 - (a) Federal, state and local laws, regulations and ordinances; and
 - (b) Lawful provisions of the governing documents of each client.
3. Keep informed of new developments in the management of a common-interest community through continuing education, including, without limitation, new developments in law, insurance coverage and accounting principles.
4. Advise a client to obtain advice from an independent expert relating to matters that are beyond the expertise of the community manager.
5. Under the direction of a client, uniformly enforce the provisions of the governing documents of the association.
6. At all times ensure that:
 - (a) The financial transactions of a client are current, accurate and properly documented; and
 - (b) There are established policies and procedures that are designed to provide reasonable assurances in the reliability of the financial reporting, including, without limitation:
 - (1) Proper maintenance of accounting records;
 - (2) Documentation of the authorization for any purchase orders, expenditures or disbursements;
 - (3) Verification of the integrity of the data used in business decisions;
 - (4) Facilitation of fraud detection and prevention; and
 - (5) Compliance with all applicable laws and regulations governing financial records.
7. Prepare or cause to be prepared interim and annual financial statements that will allow the Division, the executive board, the units' owners and the accountant or auditor to determine whether the financial position of an association is fairly presented in accordance with all applicable laws and regulations.
8. Cause to be prepared, if required by the Division, a financial audit performed by an independent certified public accountant of the records of the community manager pertaining to the common-interest community, which must be made available to the Division.

NRS 116A.630 Standards of practice for community managers. In addition to any additional standards of practice for community managers adopted by the Commission by regulation pursuant to [NRS 116A.400](#), a community manager shall:

9. Make the financial records of an association available for inspection by the Division in accordance with the applicable laws and regulations.

10. Cooperate with the Division in resolving complaints filed with the Division.

11. Upon written request, make the financial records of an association available to the units' owners electronically or during regular business hours required for inspection at a reasonably convenient location, which must be within 60 miles from the physical location of the common-interest community, and provide copies of such records in accordance with the applicable laws and regulations. As used in this subsection, "regular business hours" means Monday through Friday, 9 a.m. to 5 p.m., excluding legal holidays.

12. Maintain and invest association funds in a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund, Securities Investor Protection Corporation, or a private insurer approved pursuant to [NRS 678.755](#), or in government securities that are backed by the full faith and credit of the United States Government.

13. Except as required under collection agreements, maintain the various funds of the client in separate financial accounts in the name of the client and ensure that the association is authorized to have direct access to those accounts.

14. Provide notice to each unit's owner that the executive board is aware of all legal requirements pursuant to the applicable laws and regulations.

15. Maintain internal accounting controls, including, without limitation, segregation of incompatible accounting functions.

16. Ensure that the executive board develops and approves written investment policies and procedures.

17. Recommend in writing to each client that the client register with the Division, maintain its registration and file all papers with the Division and the Secretary of State as required by law.

18. Comply with the directions of a client, unless the directions conflict with the governing documents of the client or the applicable laws or regulations of this State.

19. Recommend in writing to each client that the client be in compliance with all applicable federal, state and local laws, regulations and ordinances and the governing documents of the client.

20. Obtain, when practicable, at least three qualified bids for any capital improvement project for the client.

21. Develop written collection policies, approved by the executive board, to comply with all applicable federal, state and local laws, regulations and ordinances relating to the collection of debt. The collection policies must require:

(a) That the executive board approve all write-offs of debt; and

(b) That the community manager provide timely updates and reports as necessary.

NRS 624.700 Engaging in business or submitting bid without license unlawful; prosecution; damages; bid submitted in violation of section void.

1. It is unlawful for any person or combination of persons to:

(a) Engage in the business or act in the capacity of a contractor within this State; or

(b) Submit a bid on a job situated within this State,
Ê without having an active license therefor as provided in this chapter, unless that person or combination of persons is exempted from licensure pursuant to [NRS 624.031](#).

2. The district attorneys in this State shall prosecute all violations of this section which occur in their respective counties, unless the violations are prosecuted by the Attorney General. Upon the request of the Board, the Attorney General shall prosecute any violation of this section in lieu of prosecution by the district attorney.

3. In addition to any other penalty imposed pursuant to this chapter, a person who is convicted of violating subsection 1 may be required to pay:

(a) Court costs and the costs of prosecution;

(b) Reasonable costs of the investigation of the violation to the Board;

(c) Damages the person caused as a result of the violation up to the amount of the person's pecuniary gain from the violation; or

(d) Any combination of paragraphs (a), (b) and (c).

4. If a person submits a bid or enters into a contract in violation of subsection 1, the bid or contract shall be deemed void ab initio.

NRS 624.240 Issuance of licenses; use of examinations to investigate, classify and qualify applicants; additional qualifications for master's license; transitory provision.

1. Under reasonable regulations adopted by the Board, the Board may investigate, classify and qualify applicants for contractors' licenses by written or oral examinations, or both, and may issue contractors' licenses to qualified applicants. The examinations may, in the discretion of the Board, be given in specific classifications only.

2. If a natural person passes the technical examination given by the Board on or after July 1, 1985, to qualify for a classification established pursuant to this chapter, demonstrates to the Board the degree of experience and knowledge required in the regulations of the Board, and is granted a license, the person is qualified for a master's license, if issued by any political subdivision, in the classification for which the examination was given, if the examination required the person to demonstrate his or her knowledge and ability to:

(a) Utilize and understand;

(b) Direct and supervise work in compliance with; and

(c) Perform and apply any calculations required to ensure that work performed is in compliance with,

the applicable codes, standards and regulations.

3. If a natural person qualified for a license before July 1, 1985, in accordance with [NRS 624.260](#) in a trade for which a master's license is required by any political subdivision, and if the license is active on or after July 1, 1985, and if the person so qualified wishes to obtain a master's license, the person must pass either the appropriate examination given by the Board on or after July 1, 1985, in accordance with [NRS 624.260](#) and the regulations of the Board, or the examination given by the political subdivision in the trade for which a master's license is required.

[1:Art. IV:186:1941; A 1945, 296; 1953, 521; 1955, 378]—(NRS A [1985, 1056](#))